

KNOXVILLE

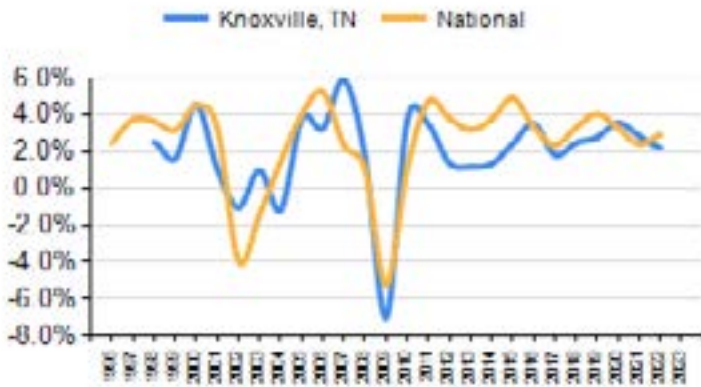
Q3 2017 | Multifamily

Accelerating success.

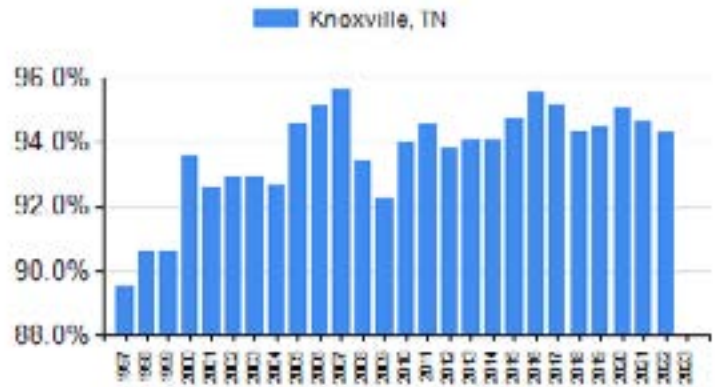
Source: AXIOMetrics, RCA, CoStar

Market Survey Results and Forecasts	Sequential				Month	Annual						
	4Q16	1Q17	2Q17	3Q17	Sep-17	2015	2016	2017F	2018F	2019F	2020F	2021F
Effective Rent Per Unit	\$866	\$858	\$866	\$883	\$883	\$827	\$856	\$872	\$893	\$918	\$951	\$978
Per Sq. Ft	\$0.88	\$0.88	\$0.89	\$0.90	\$0.90	\$0.85	\$0.88	\$0.89	\$0.91	\$0.94	\$0.97	\$1.00
Effective Rent Growth - Annually	2.8%	2.2%	1.5%	2.0%	2.5%	2.4%	3.5%	1.8%	2.5%	2.8%	3.6%	2.8%
Effective Rent Growth - Quarterly	0.1%	-0.8%	0.9%	1.9%								
Occupancy Rate	95.8%	94.6%	95.2%	96.0%	96.1%	94.7%	95.5%	95.2%	94.4%	94.5%	95.0%	94.7%
Occupancy Change - Annually	-0.1%	-0.5%	-0.1%	0.0%	0.1%	0.7%	0.8%	-0.4%	-0.9%	0.1%	0.6%	-0.4%
Occupancy Change - Quarterly	-0.2%	-1.2%	0.6%	0.9%								
Economic Concessions												
Concession Value	\$-11.60	\$-15.83	\$-10.11	\$-4.19	\$-2.41	\$-12.07	\$-11.83					
As a % of Asking Rent	-1.3%	-1.8%	-1.1%	-0.5%	-0.3%	-1.4%	-1.3%					

Annual Effective Rent Growth



Annual Occupancy Rate



RECENT SALES

Date	Property Name	Address	City	Units	Year Built	Price in \$	\$/Units
Oct-17	Viera Cedar Bluff	424 N Cedar Bluff Rd	Knoxville	184	1980	17,800,000	96,739
Sep-17	The Metropolitan on Cedar Bluff	790 N Cedar Bluff Rd	Knoxville	520	1986	48,100,000	92,500
Sep-17	Cottages on Tazewell	5000 Tazewell Pike	Knoxville	251	2015	35,893,000	143,000
Jul-17	Legends At Oak Grove	5605 Holly Grove Way	Knoxville	264	2010	28,000,000	106,061
Jun-17	Reserve At Westland	8700 Hopemont Way	Knoxville	308	1997	35,000,000	113,636
May-17	Walden Legacy Apartment Homes	1261 Walden Legacy Way	Knoxville	236	2005	30,900,000	130,932
Feb-17	LaFollettee	123 Brook Pl Ln	La Follette	88	2005	1,100,000	12,500
Jan-17	Bouldercrest Apartments	2000 Wilson Rd	Knoxville	181	1986	7,450,000	41,160

SUPPLY AND DEMAND

According to the Bureau of Labor Statistics, job growth in Knoxville, TN Metro Area was 0.1% in August 2017, reflecting 500 jobs added during a 12-month period.

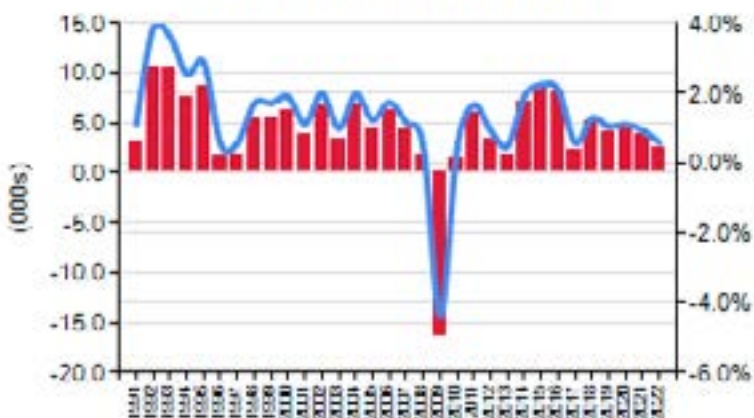
Axiometrics forecasts Knoxville, TN Metro Area's job growth to be 1.3% in 2018, with 5,127 jobs added. Job growth is expected to average 1.0% from 2019 to 2021, with an average of 4,143 jobs added each year.

On the supply side, permits for 914 multifamily units were issued in the 12 months ending in August 2017, up 204 units from the prior year's sum. In terms of total residential housing, 3,873 units were permitted in the 12 months ending August 2017, an increase of 502 units from the prior year's total.

Market Employment and Permitting										
	Annual			August-17		Annual Forecast				
	2014	2015	2016	Market	National	2017F	2018F	2019F	2020F	2021F
Employment (000s)	376.4	384.8	392.9	393.9	146,541.0	395.1	400.3	404.4	408.9	412.7
Job Gain (000s)	7.1	8.4	8.0	0.5	2,100.0	2.3	5.1	4.1	4.5	3.8
Job Growth (%)	1.9%	2.2%	2.1%	0.1%	1.5%	0.6%	1.3%	1.0%	1.1%	0.9%
Total Residential Permitting	2,292	2,807	3,371	3,253	1,120,198	3,530	3,007	2,613	2,099	2,795
Relative Change	23.6%	22.5%	20.1%	10.6%	6.1%	4.7%	-14.8%	-13.1%	-19.7%	33.2%
Single Family Units Permitted	1,606	2,339	2,653	2,660	723,217					
Relative Change	4.0%	45.6%	13.4%	15.2%	9.8%					
Multifamily Units Permitted	680	464	710	589	364,705					
Relative Change	123.7%	-31.8%	53.0%	-6.1%	-1.0%					
Multifamily as a % of Total	29.7%	16.5%	21.1%	18.1%	32.6%					
Demand/Supply Ratio										
Job Gain / Total Residential Units Permitted	3.8	3.7	2.9	0.2	2.0	0.7	1.5	1.4	1.7	1.8
Job Gain / Single Family Units Permitted	4.6	5.2	3.4	0.2	3.2					
Job Gain / Multifamily Units Permitted	23.3	12.4	17.3	0.8	5.7					

Multifamily Absorption and Supply										
	Annual			3Q17		Annual Forecast				
	2014	2015	2016	Market	National	2017F	2018F	2019F	2020F	2021F
Total Units Absorbed	173	1,535	539	260	350,478	255	328	832	622	170
New Supply	273	836	634	565	387,002	703	818	617	389	449
Inventory Growth	0.6%	1.8%	1.3%	1.2%	1.5%	1.5%	1.7%	1.2%	0.8%	0.9%

Annual Employment Growth



MF Supply and Inventory Growth



IDENTIFIED SUPPLY

As of October 15, 2017, Axiometrics has identified 469 apartment units scheduled for delivery in 2017, of which, 304 have been delivered. As a comparison, there were 576 apartment units delivered in 2016. Properties delivered to the market in the last 12 months have achieved an average asking rent of \$1,260 per unit, or \$1.25 per square foot. Effective rent has averaged \$1,210, or \$1.20 per square foot, resulting in an average concession value of \$-50.11. As a comparison, existing properties in the market had an average asking rent of \$887 per unit (\$0.91 per square foot) and an average effective rent of \$883 per unit, or \$0.90 per square foot, in 3Q17. Concessions for existing properties averaged \$-4.19.

Submarket Delivery Schedule										
Top Submarkets	Pipeline Delivery Schedule				Pipeline Lease Up Trend					
	2015	2016	2017	Total	Units Absorbed		Asking Rent		Effective Rent	
					Totals	PPM	Per Unit	PSF	Per Unit	PSF
Central/Southeast	142		220	362	139	14	\$1,150	\$1.06	\$1,102	\$1.02
Northeast	17	38	249	304	82	5	\$1,394	\$1.19	\$1,350	\$1.15
Southwest	601	538		1,139	65	5	\$1,179	\$1.29	\$1,132	\$1.23
Other	760	576	469	1,805	286	7	\$1,254	\$1.22	\$1,206	\$1.18
Knoxville, TN	760	576	671	2,007	431	11	\$1,228	\$1.31	\$1,168	\$1.24

*Based on 2017 deliveries

*Trend based on a trailing 12 month period

Identified Unit Deliveries

Quarterly Annual



Lease Up Performance

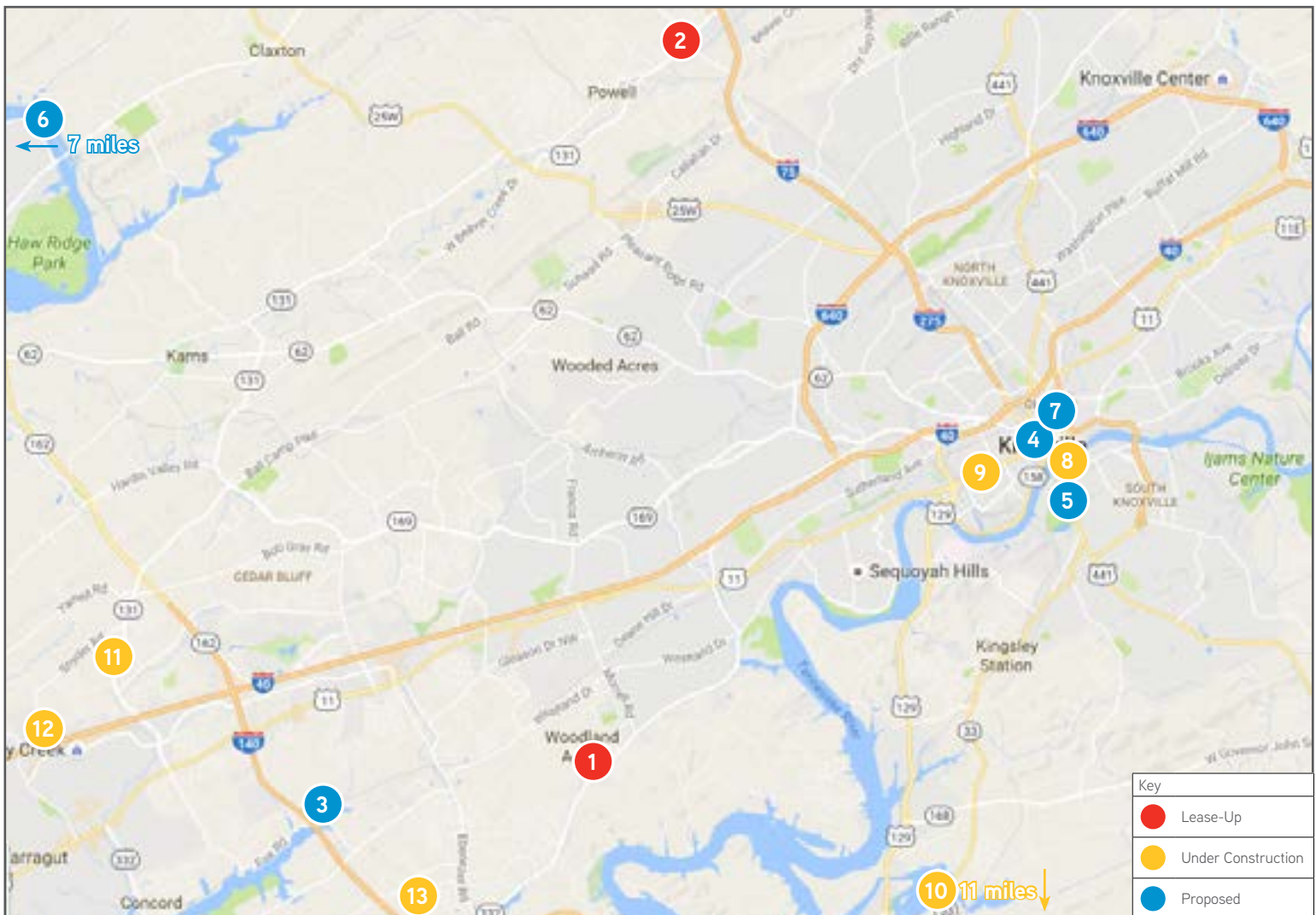
Units Absorbed Per Prop Concession Value



PIPELINE

Source: CoStar

#	Name	Status	Owner	Address	Market	Units
1	The Villas on Wallace Road	Lease Up	J A Murphy Group	1211 Gray Birch Way	Westside MF	76
2	Vintage at Emory Road	Lease Up	TDK Construction Company	7401 Vintage Pointe Way	Outer Northside MF	164
3	909 Emory Church Rd	Proposed	John Huber Construction	909 Emory Church Rd	Western Knox County MF	312
4	Supreme Court Apartments	Proposed	City Of Knoxville	719 SW Locust St	Downtown Knoxville MF	230
5	2700 Martin Mill Pike	Proposed	Elmington Capital Group	2700 Martin Mill Pike	South Knoxville MF	160
6	300 S Rutgers Ave	Proposed	RealtyLink	300 S Rutgers Ave	Oak Ridge MF	225
7	Stockyard Lofts	Proposed	Terminus Real Estate, Inc.	215 Willow Ave	Old City MF	152
8	Knoxville Riverwalk Apartments	Under Construction	Southeastern Development Associates	137 E Blount Ave	South Knoxville MF	300
9	1820-1830 Cumberland Ave	Under Construction	Campus Apartments, LLC	1820-1830 Cumberland Ave	Downtown Knoxville MF	138
10	The Ridge at Hamilton Crossing- Phase II	Under Construction	Tynes Development	1130 Middlesettlements Rd	Maryville/Alcoa MF	84
11	Greystone Pointe	Under Construction	Greystone Properties	10801 Snyder Rd	Western Knox County MF	328
12	Tapestry at Turkey Creek	Under Construction	Arlington Properties	11616 Snyder Rd	Western Knox County MF	220
13	Aventine Northshore- Phase II	Under Construction	Flournoy Companies	2000 Willow Loop Way	Western Knox County MF	231
					Total Units	2,620



WE CAN HELP

As an investor in multifamily properties, you need a firm that provides experience, broad reach and the ability to market an asset no matter how challenging the economic environment. You need a team that specializes in your **market** you need The East Region Multifamily Advisory Group.

Colliers International has one of the largest and most experienced teams in the industry, strategically located in key markets throughout North America. Our combination of market dominance, expertise, and singular focus, make us uniquely successful in helping our clients achieve their disposition objectives.

How are we able to bring together the skills and tools necessary to complete challenging assignments? Our East Region Multifamily Advisory Group is connected by purpose and focus. Our team is dedicated to sharing information on market opportunities, capital sources and buyers/sellers to achieve the best results for our clients.



OUR PROVEN TRACK RECORD

WHO WE ARE

One of the largest and most experienced teams of multifamily specialists in the industry

MORE THAN
50

Dedicated Multifamily Professionals & Advisors

COVERING OVER
STATES
20

Expansive geographic footprint

MORE THAN
33,500
Units sold since 2011

\$2.3^B

Group gross transaction value in since 2011



Stacks on Main
Nashville, TN
Units: 268



RENAISSANCE AT PEACHER'S MILL | Clarksville, TN



Shelby Heights
Bristol, TN
Units: 100

CLIENT: JA Murphy Group

UNITS: 216

CHALLENGE:

This was a difficult and cumbersome transaction as the debt execution consisted of an assumable HUD loan which dramatically narrows the pool of buyers and extends the process. Additionally, the East Region team reviewed the seller's proforma and found they were charging too high an administrative fee to each renter.

STRATEGY & RESULTS:

After reducing the fee, ownership was able to achieve an \$80,000 annual NOI increase, which resulted in an increased sale price. To sell the property the team, broadly marketed to work with an active HUD buyer comfortable with the process.

Selling this property resulted in the highest price per unit in the history of Clarksville.



Trails at Mount Moriah
Memphis, TN
Units: 630



Overlook at Allensville Square
Phase I
Knoxville, TN
Units: 288



Overlook at Allensville Square
Phase II
Knoxville, TN
Units: 288



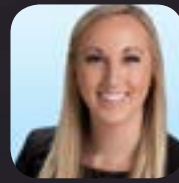
Renaissance at Peacher's Mill
Clarksville, TN
Units: 216



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AT YOUR SERVICE



To learn more, scan this with a QR code reader or visit:

www.ColliersMultifamilyEast.com

